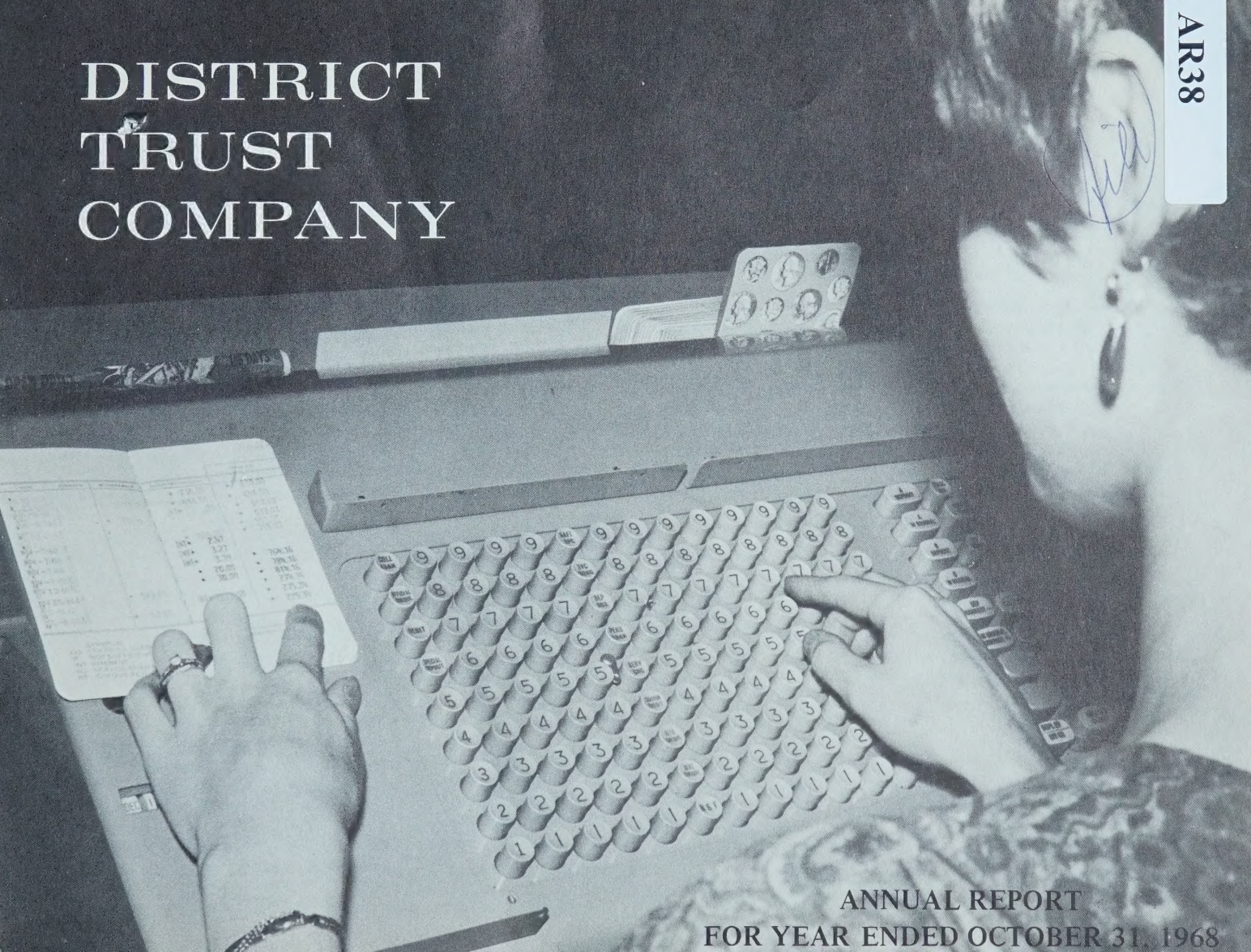


DISTRICT TRUST COMPANY

AR38



ANNUAL REPORT
FOR YEAR ENDED OCTOBER 31, 1968



TO OUR SHAREHOLDERS

The Directors of District Trust Company are pleased to present the financial statement for the year ended October 31, 1968 which shows that the company continued to prosper despite rather unsettled economic conditions.

The Statement of Income shows profit before depreciation and reserves increased about 80%, helped substantially by the sale of common stock. Profit after reserves was \$24,987, up from \$19,449 in 1967, and raised retained earnings to \$49,653.

Deposits rose over \$2,000,000 — from \$4,873,791 to \$6,949,151 — and most of this increase was in Guaranteed Investment Certificates. Competition for the deposit dollar continued exceptionally keen and interest costs rose approximately \$120,000. Expansion of the deposit account portion of our business is essential to growth and more branches are included in our long-term planning.

Assets increased approximately \$2,100,000. Income Property is a new item in this statement and represents property which District Trust purchased and leased to a government-supported agency for ten years.

The mortgage portfolio was about \$1,500,000 higher, and we are pleased to report that not one account was in arrears at the end of this fiscal year.

Estates, trusts and agency assets increased 100%. This department, normally slow to grow, will add substantially to income sooner than anticipated.

As reported in the half-yearly statement, District Trust entered the real estate business in 1968. This field has excellent potential to complement the mortgage, and estates and trusts functions.

'Other operating expenses' of \$92,212 in the statement include items not identified individually, such as commission, Ontario capital tax, equipment service contracts, unemployment insurance premiums, travelling expenses, business and property taxes, insurance, utilities, bank charges, transfer fees, maintenance, promotion and advertising.

For the first time we were pleased to provide quarterly statements for the information of our shareholders — in January, April and July of 1968. Investors' confidence in District Trust continues to grow and we welcome many new shareholders. We remind them that they can help the progress of their company by recommending its services to friends and business associates, as well as using these services themselves.

PERSONNEL

Many persons co-operated to produce this successful year. The Executive Committee met frequently to guide the affairs of your company, with no remuneration.

The staff gave excellent service and our reputation for friendly, courteous and efficient business manners grew steadily. Good employees are a very valuable asset and we thank them all for their diligence and loyalty.

THE FUTURE

In last year's annual report we commented on the rapid inflation being experienced at that time, and also on Governments' pledges to take corrective action. The Federal Government's promise of a balanced budget in 1969 now appears abandoned and the country continues to build massive deficits. We regret that this policy of spending more than we can afford continues and the promised corrections have not materialized.

Despite unsatisfactory economic conditions, District Trust will continue to progress and assets will pass the ten million dollar mark during 1969. Your directors will continue to build the company on sound business practices and high customer confidence, both absolutely essential to success.

Respectfully submitted,

Thomas F. Kingsmill,
Chairman of the Board.

Bentley I. Baldwin,
President.

Kenneth L. Cunningham,
General Manager and Secretary.

District Trust Company (Inc. under the laws of Ontario) **Balance Sheet** *October 31, 1968 (with comparative figures at October 31, 1967)*

ASSETS

	<u>1968</u>	<u>1967</u>
CASH, including short term deposits of \$401,282 in 1968	\$ 554,925	\$ 116,312
SECURITIES (note 1)		
Bonds		
Government of Canada	544,679	543,648
Provincial	499,827	499,626
Municipal	125,851	125,871
Other	272,646	276,262
	1,443,003	1,445,407
Stocks	60,408	
	<u>1,503,411</u>	<u>1,445,407</u>
LOANS, secured	62,291	62,227
MORTGAGES (less reserve, \$23,000 in 1968; \$13,000 in 1967)	6,592,624	5,085,700
REAL ESTATE HELD FOR SALE, at cost not exceeding estimated market value	11,198	11,198
INCOME PROPERTY, at cost not exceeding estimated market value	75,600	
OFFICE PREMISES AND EQUIPMENT, at cost less accumulated depreciation	66,401	70,791
OTHER ASSETS	4,565	4,581
	<u>\$8,871,015</u>	<u>\$6,796,216</u>
ESTATES, TRUSTS AND AGENCIES		
Securities, cash and other assets at company valuation 1968, \$1,467,769; 1967, \$728,770.		

LIABILITIES

	<u>1968</u>	<u>1967</u>
GUARANTEED TRUST ACCOUNT		
Deposits	\$2,019,947	\$1,965,210
Investment certificates	4,929,204	2,908,581
	6,949,151	4,873,791
BANK LOAN, fully secured		75,000
ACCOUNTS PAYABLE AND ACCRUED LIABILITIES	75,142	40,690
SHAREHOLDERS' EQUITY		
CAPITAL STOCK (note 2)		
Authorized – 500,000 shares of \$10 each		
Issued – 160,000 shares	1,600,000	1,600,000
CONTRIBUTED SURPLUS	182,069	182,069
	1,782,069	1,782,069
GENERAL RESERVE	15,000	
UNAPPROPRIATED EARNINGS	49,653	24,666
	<u>1,846,722</u>	<u>1,806,735</u>
	<u>\$8,871,015</u>	<u>\$6,796,216</u>

Approved by the Board

Chairman: T.F. Kingsmill
President: B.I. Baldwin

STATEMENT OF INCOME

Year ended October 31, 1968 (with comparative figures for 1967)

	<u>1968</u>	<u>1967</u>
Income		
Interest from mortgages	\$ 421,370	\$ 311,862
Interest from bonds and short term deposits	109,701	71,463
Dividends	2,276	
Interest from loans	5,799	8,769
Fees and commissions	22,658	19,803
Other operating revenue	<u>8,420</u>	<u>3,901</u>
	<u>570,224</u>	<u>415,798</u>
Expenses		
Interest on deposits and certificates	324,290	203,296
Salaries and staff benefits	114,640	99,924
Other operating expenses	92,212	74,429
Depreciation	<u>9,568</u>	<u>10,700</u>
	<u>540,710</u>	<u>388,349</u>
	29,514	27,449
Profit on sale of securities and real estate	<u>20,473</u>	
Income before undernoted item	49,987	27,449
Transfer to mortgage reserve	<u>10,000</u>	<u>8,000</u>
Net income for the year (note 3)	39,987	19,449
Transfer to general reserve	<u>15,000</u>	
Transfer to unappropriated earnings	<u>\$ 24,987</u>	<u>\$ 19,449</u>

Note: Comparative figures for 1967 have been restated to conform with the financial statement presentation used in 1968.

STATEMENT OF UNAPPROPRIATED EARNINGS

Year ended October 31, 1968 (with comparative figures for 1967)

	<u>1968</u>	<u>1967</u>
Balance at beginning of year	\$ 24,666	\$ 5,217
Transfer from net income for the year	<u>24,987</u>	<u>19,449</u>
Balance at end of year	<u>\$ 49,653</u>	<u>\$ 24,666</u>

NOTES TO FINANCIAL STATEMENTS

1. Securities

Bonds and stocks are stated at cost.

Market value of bonds amounted to \$1,238,900 (\$1,312,000 in 1967); stocks \$65,825.

2. Share Warrants

Warrants are outstanding entitling the holders to purchase 40,000 shares at \$12.50 per share exercisable on or before May 1, 1969.

3. Income Taxes

No provision for income taxes is required due to the application of prior years' losses.

AUDITORS' REPORT

To the Shareholders of
District Trust Company

We have examined the balance sheet of District Trust Company as at October 31, 1968 and the statements of income and unappropriated earnings for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the financial position of the company as at October 31, 1968 and the results of its operations for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, Canada
November 21, 1968

Thorne, Gunn, Helliwell & Christenson
Chartered Accountants



SERVICES OFFERED BY DISTRICT TRUST COMPANY

Savings Accounts with chequing privileges — 4% interest on minimum semi-annual balance with no service charges on cheques and 200 free personalized cheques.

Deposit Accounts — 5 $\frac{1}{4}$ % interest on minimum monthly balance compounded monthly.

Guaranteed Investment Certificates.

Registered Retirement Savings Plans for Individuals.

Estate Planning.

Safety Deposit Boxes.

Investment Management.

First Mortgage Loans — Residential, Commercial, Industrial.

Real Estate Appraisals and Property Management.

Personal Loans — through arrangements with the Mercantile Bank of Canada.

Real Estate Sales — Residential and Commercial.

THREE OFFICES TO SERVE YOU

Head Office — 484 Richmond Street, London, 434-1136.

Hours: 9 a.m. to 5 p.m. Monday to Friday.

Covent Market Branch, Market Building, London, 434-1951.

Hours: 9 a.m. to 4:30 p.m. Monday to Thursday.

9 a.m. to 6 p.m. Friday.

9 a.m. to 1 p.m. Saturday.

Strathroy Branch, 26 Front Street, Strathroy, 245-1090.

Hours: 9 a.m. to 5:00 p.m. Monday to Thursday.

9 a.m. to 6 p.m. Friday.

DIRECTORS

William J. Amos, Parkhill, Ontario

Bentley I. Baldwin, London, Ontario

William C.P. Baldwin, London, Ontario

Kenneth L. Cunningham, London, Ontario

Frederick F.R. Boyes, Parkhill, Ontario

Norman G. Burdick, London, Ontario

Stuart H. Carver, London, Ontario

William J. Gorman, London, Ontario

Lyle H. Gray, Ridgetown, Ontario

Frederick M. Halls, London, Ontario

Howard L. Hayman, London, Ontario

Arthur M. Hueston, Aylmer, Ontario

John A. Irvine, London, Ontario

Walter A. Keyser, Don Mills, Ontario

Frederick O. Kime, London, Ontario

Thomas F. Kingsmill, London, Ontario

James G. Lind, London, Ontario

Francis J. McDonald, Islington, Ontario

William J. McDougall, London, Ontario

John A. McNee, London, Ontario

George T. Moore, Arva, Ontario

Stanley A. Mortin, St. Thomas, Ontario

John B. Nash, London, Ontario

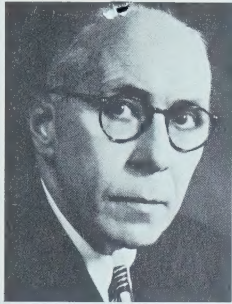
Ewart W. Ostrander, Tillsonburg, Ontario

Edward E. Reilly, London, Ontario

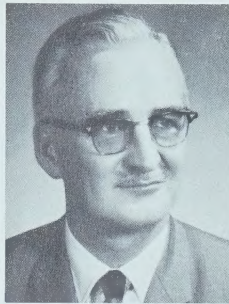
Chester H. Smith, St. Thomas, Ontario

J. Clark Wright, Strathroy, Ontario

OFFICERS



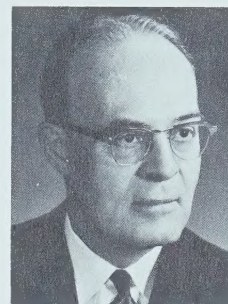
Thomas F. Kingsmill,
Chairman of the Board.



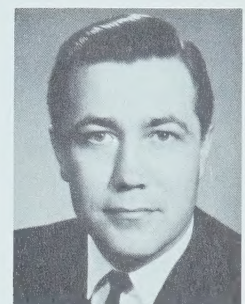
Bentley I. Baldwin,
President.



William C.P. Baldwin,
Vice-President.

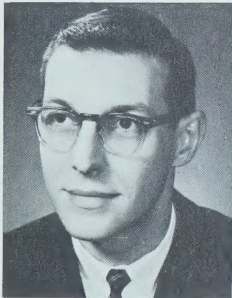


Frederick M. Halls,
Vice-President.



K.L. Cunningham,
*General Manager and
Secretary.*

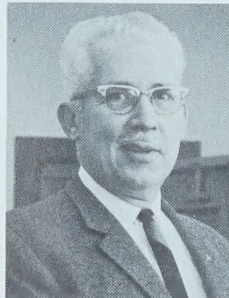
MANAGERS



Douglas J. Petch,
*Treasurer.
Manager
Head Office Branch*



D.G. Hayman
*Manager
Market Branch*



W. Foster Thompson
*Manager
Strathroy Branch*



Peter Wilson
*Manager
Mortgage Dept.*

EXECUTIVE COMMITTEE

B.I. Baldwin
W.C.P. Baldwin
N.G. Burdick
K.L. Cunningham
F.M. Halls
H.L. Hayman
F.O. Kime
T.F. Kingsmill
J.A. McNee

AUDITORS

Thorne, Gunn, Helliwell
& Christenson



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PRESIDENT'S REPORT

The first six months of our fiscal year have been very encouraging.

Deposits have increased \$1,000,000 since October 31, 1967. However, to keep pace with industry trends, interest rates on deposit accounts were raised from 4 3/4% to 5 1/4% and Guaranteed Investment Certificates to a record 7 1/2%.

Mortgage demand remains strong although high interest rates and labour unrest could adversely affect this portion of our business in the second half of this fiscal year. Inflationary pressures continue and probably will continue until stronger Government measures are taken to reduce deficit financing.

District Trust recently extended its services into Real Estate Sales which augments the Mortgage, Trust, and Property Management departments.

Estate, Trust, and Agency assets under administration now exceed \$1,100,000 compared with \$729,000 at October 31, 1967 - an increase of \$370,000 in six months.

Competition is becoming very keen and your company is undertaking a modest promotional program to create more public awareness of District Trust services to bring in new business.

During the second quarter there was noticeably more interest in District Trust shares and the number of shareholders increased. We welcome these new shareholders and thank them for their confidence in the company.

Shareholders whose addresses are changed or incorrect are asked to send in corrections. We also urge all shareholders to use District Trust services and to recommend them whenever possible.

Bentley I. Baldwin

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SERVICES OFFERED BY DISTRICT TRUST COMPANY

Savings Accounts with chequing privileges—
4% interest on minimum semi-annual balance with no service charges on cheques and 200 free personalized cheques.

Deposit Accounts — 5 1/4% interest on minimum monthly balance compounded monthly.

Prepaid Deposit by Mail.

Guaranteed Investment Certificates.

Registered Retirement Savings Plans
for Individuals.

Estate Planning.

Safety Deposit Boxes.

Investment Management.

First Mortgage Loans — Residential, Commercial, Industrial.

Real Estate Appraisals and Property Management.

Real Estate Sales — Residential, Commercial, Multi-Family.

Personal Loans — through arrangements with the Mercantile Bank of Canada.

THREE OFFICES TO SERVE YOU

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DISTRICT TRUST COMPANY

file



Report for the Half Year
ended April 30, 1968

Member: CANADA DEPOSIT INSURANCE
CORPORATION

DISTRICT TRUST COMPANY BALANCE SHEET
APRIL 30, 1968

<u>ASSETS</u>	APRIL 30 1968	APRIL 30 1967
CASH, and bank term deposit receipts	\$ 889,761.	\$ 129,156.
BONDS (1)	1,441,981.	1,443,051.
STOCKS (2)	17,575.	--
LOANS, secured	67,561.	24,881.
MORTGAGES, less reserves	5,272,574.	4,235,675.
REAL ESTATE HELD FOR SALE	22,723.	--
OFFICE PREMISES AND EQUIPMENT at cost less depreciation	70,245.	71,117.
OTHER ASSETS	12,021.	2,190.
	<u>\$7,794,441.</u>	<u>\$5,906,070.</u>
<u>LIABILITIES</u>		
GUARANTEED TRUST ACCOUNT		
Deposits	\$2,145,855.	\$1,633,638.
Investment certificates	3,750,986.	2,343,103.
	<u>5,896,841.</u>	<u>3,976,741.</u>
BANK LOAN	--	75,000.
ACCOUNTS PAYABLE AND ACCRUED LIABILITIES	76,744.	61,618.
SHAREHOLDERS' EQUITY		
Capital stock, issued 160,000 shares	1,600,000.	1,600,000.
Contributed surplus	182,069.	182,069.
	<u>1,782,069.</u>	<u>1,782,069.</u>
Retained earnings	38,786.	10,642.
	<u>1,820,855.</u>	<u>1,792,711.</u>
	<u>\$7,794,441.</u>	<u>\$5,906,070.</u>

STATEMENT OF INCOME AND
RETAINED EARNINGS FOR THE SIX MONTH PERIOD
NOVEMBER 1, 1967 to APRIL 30, 1968
(with comparison figures for previous period)

	6 Months ending April 30/68	6 Months ending April 30/67
REVENUE	\$ 256,949.	\$ 185,817.
Interest expense	(141,912.)	(90,787.)
Administration expense	(96,549.)	(83,805.)
OPERATING INCOME	18,488.	11,225.
Depreciation	(4,368.)	(5,800.)
NET INCOME	14,120.	5,425.
Retained earnings at beginning of period	24,666.	5,217.
RETAINED EARNINGS at end of period	<u>\$ 38,786.</u>	<u>\$ 10,642.</u>

NOTATIONS

1. Bonds are stated at not in excess of amortized cost. Market value amounted in the aggregate to \$1,266,291.
2. Stocks are carried at cost. Market Value at April 30, 1968 was \$18,337.
3. Please note that these results are unaudited.

**Report for the Quarter
ended January 31, 1968**

REVENUE

November 1, 1967 - January 31, 1968

(3 mos. - unaudited)

	<u>1968</u>	<u>1967</u>
REVENUE	\$ 122,875.	\$ 90,001.
Interest paid	(66,553.)	(47,081.)
Administration	(46,075.)	(40,125.)
OPERATING PROFIT	10,247.	2,795.
Depreciation	(2,184.)	(3,175.)
NET PROFIT (1)	<u>\$ 8,063.</u>	<u>\$ (380.)</u>

(1) Before provision for income taxes and reserves.

Mortgages at January 31, 1968 totaled \$5,136,706. as against \$3,877,455. January 31, 1967, an increase of \$1,259,251.

Deposits increased \$1,748,350. to \$5,286,389. as against \$3,538,039. at January 31, 1967.

Total assets stood at \$7,263,525. compared to \$5,452,957. at January 31, 1967, an increase of \$1,810,568.

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SERVICES OFFERED BY DISTRICT TRUST COMPANY

Savings Accounts with chequing privileges—
4% interest on minimum semi-annual balance with no service charges on cheques and 200 free personalized cheques.

Deposit Accounts — 4¾% interest on minimum monthly balance compounded monthly.

Guaranteed Investment Certificates.

Registered Retirement Savings Plans
for Individuals.

Estate Planning.

Safety Deposit Boxes.

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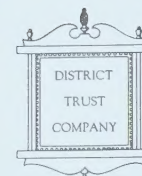
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9 a.m. to 9 p.m. Friday.

DISTRICT TRUST COMPANY



**Report for the Quarter
ended January 31, 1968**

and

**Proceedings
of Annual Meeting
of Shareholders**

The annual meeting of shareholders of District Trust Company was held in Hotel London, London, Ontario, at 2 p.m. on Wednesday, January 17, 1968. Shareholders completed the following business:

1. Accepted and approved the report to shareholders, the financial statements, and the auditor's report for the fiscal year ended October 31, 1967.
2. Confirmed the special resolution, passed by the Board of Directors on May 16, 1967, reducing the number of directors from 30 to 28.
3. Re-elected the 1967 Board of Directors as named in the published annual report to shareholders.
4. Appointed Thorne, Gunn, Helliwell and Christenson, auditors for fiscal year 1968.

Heard the following address from President Bentley I. Baldwin:

"As stated in our published report, the year under review was a very successful one despite extremely unsettled economic conditions.

"At the moment, it looks as if both conditions will continue. The two months of fiscal 1968 show that the company continues to grow; but we also view with concern the continued uncertainty in the economy.

"Our report to shareholders was written little more than a month ago, yet in that short time the cost of money has risen again to another new record high. Ladies and Gentlemen, this condition cannot continue indefinitely without leading to a reversal in national growth and prosperity.

"When money becomes this expensive, private enterprise naturally questions, and often postpones, large capital expenditures which would provide more productive capacity and more productive jobs. This, of course, means a slowdown in our national progress, for the only true measure of a nation's wealth is production.

"Why is the interest rate so high?

"There may be numerous reasons, but, to me, the main reason is exorbitant government spending. During the depression, the country needed government money to create employment and transfuse the circulation of cash. Now we are at the other end of the pendulum - prosperity which is raising the price of money and goods almost beyond reach.

"Therefore we need a reduction in government spending. The Finance Minister has promised this, but, as yet, the effects are not evident. As one small voice in this massive financial world, I urge all governments - federal, provincial and municipal - to study closely all expenditures and curtail those which are not absolutely essential, particularly

those programs which are non-productive.

"If a government program is going to permit more industry and create more productive jobs, then it is logical that it proceed because it is contributing to economic expansion. Newfoundland's development of the Labrador watershed for hydro-electricity is an example which comes to mind.

"But if the government program is non-productive, and requires another great expansion of the army of civil servants, then I say we cannot afford it at this time and it should be delayed - or abandoned. The current examples here are government-financed welfare programs.

"I think many Canadians are deeply concerned about the tremendous cost to the taxpayers of this movement toward the welfare state. We have only to look today at Great Britain to see what excessive government-financed welfare benefits can do to a nation which only a few decades ago was noted for hard work, product quality and vigorous competition in world trade.

"And what we say and request of governments is also true for individuals and companies. No person, company or nation can continue spending more than it earns. Canada must rapidly bring into balance its desire to spend and its ability to earn."